

Resolution no. [...]  
of the Supervisory Board of Agora S.A.  
as of 30 March 2017

concerning the evaluation of the Company' situation in 2016

In relation to adoption by Agora S.A. ("the Company") of the Code of Best Practice for Warsaw Stock Exchange Listed Companies adopted pursuant to § 29 of the WSE Rules, the Company's Supervisory Board resolves as follows:

**1. The Supervisory Board of the Company has evaluated the situation of the Agora Group in 2016.**

The Supervisory Board formulates its evaluation based on the review of affairs of the Agora Group ("the Group") and the discussions with the Management Board of the Company conducted during periodic and ad hoc meetings with the Management Board, as well as during day-to-day cooperation. The Supervisory Board has also taken into consideration the assessment of financial statements for the first half and the financial year 2016 carried out by the Audit Committee that was having meetings with the representative of the Company's auditor. The evaluation of the market situation is based on publicly available information concerning other entities, therefore it should be remembered that the data and the evaluation based on that data are just estimates.

According to the Supervisory Board in 2016 the Management Board managed to continue implementing medium-term plans for development of the Agora Group for the coming years. The plans were announced in the fit quarter of 2014. Their execution should result in an increased scale of the Group's operations via increase in revenues with a simultaneous improvement of profitability. Thanks to the effective implementation of development initiatives that resulted in record revenues from ticket sales in the Helios cinema chain, advertising revenues of AMS growing faster than the market, and higher proceeds in the Internet and Radio segments the Agora Group maintained the growing trend of the Group's total revenue in 2016. In the same period the Agora Group had to face the challenge of the process of collective redundancies concluded in Agora S.A., mainly in the "Gazeta Wyborcza" daily – which deducted from the Group's operating result that was lower than the year before. The process was a consequence of further decreased expenditures on advertising in the press, as well as lower single-copy newspaper sales.

Cash balance of the Group at the end of 2016 amounted to PLN 124.2 million, consisting of cash and cash equivalents in the amount of PLN 50.2 million (cash in hand, bank accounts and bank deposits) and PLN 74.0 million invested in short-term securities. In addition, as of 31 December 2016 the Group had long-term receivables related to cash security deposits in the amount of PLN 21.6 million paid by AMS S.A. as security for bank guarantees granted in relation to performance of the concession contract for construction and modernisation of bus shelters in Warsaw (of which PLN 10.8 million is presented as long-term receivables). The Group's loan debt amounted to PLN 110.9 million (including the external debt of Helios S.A. consisting of bank loans and finance lease liabilities in the amount of PLN 81.3 million).

The amount of cash in the Group's possession as of 31 December 2016 was also affected by the payment of the dividend amounting to PLN 0.75 per share. The total dividend paid amounted to PLN 35 749 069.50. Agora's subsidiaries also implemented large investment projects related to their development. The Helios cinema chain increased by 4 more facilities and AMS, in consultation with the representatives of the capital city of Warsaw, put into service 1333 of the planned 1580 shelters.

**i. THE PRESS**

2016 was difficult for the whole press market bringing about further decrease in single-copy sales and limited advertising expenditure. "Gazeta Wyborcza" in its traditional form kept the position of the most popular opinion forming daily newspaper with the largest share in advertising expenditure among daily newspapers. The recession on the market of traditional press forced the Management Board of the Company to make a decision to restructure its

traditional press activity. The Company carried out the process of collective redundancies mainly in the “Gazeta Wyborcza” daily, as well as changed the newspaper’s structure and its price. In October 2016 the Company also made a decision to cease publishing the free newspaper ”Metrocafe.pl”. The process of digital transformation of “Gazeta Wyborcza” is proceeding well. At the end of 2016 the Company recorded almost 100.000 paid subscriptions of the newspaper, which means the Company’s goal was once again achieved better than foreseen. The team of the Press segment (including “Gazeta Wyborcza” and the Magazines and Free Newspapers departments) was working intensively on digitalisation of the magazines’ internet activities and new applications and website versions of all newspapers published by the Company. The Supervisory Board indicated in particular the increased revenues generated by the sale of advertising slots in the Magazines department which was the result of effective implementation of e-commerce model on the websites of Agora magazines. At the end of 2016 the Magazines Department also decided to cease publishing the “Pogoda na życie” monthly.

**ii. MOVIES and BOOKS**

In 2016 the cinema sector in Poland developed further. As a result of the consisted investment policy at the end of 2016 the Helios cinema chain consisted of 41 modern multiplex cinemas with a total of 229 screens. As a result Helios remains the largest multiplex cinema operator in Poland. As a consequence of record attendance in Polish cinemas the Movies and Books segment (including Helios S.A. and NEXT FILM Sp. z o.o., as well as the Special Projects Department) considerably increased its revenues generated by ticket sales and cinema snack bar products, and Helios S.A. earned a record profit of its entire history of operations. Thanks to NEXT FILM, cinema movies distribution company of the Helios Group the following productions had their premieres in Polish cinemas: “Excentrycy”, “#WszystkoGra”, “Szkoła uwodzenia Czesława M.”, “Ślugi boże”, “Jestem mordercą” and “Plac zabaw”, as well as two foreign movies: “A Tale of Love and Darkness” and “Manhattan Nocturne”. Agora was also co-producer of the movies ”Excentrycy”, “Szkoła uwodzenia Czesława M.”, “Ślugi boże” and “Jestem mordercą”. As a result the EBIT operating result of the Movies and Books segment was improved as compared to 2015.

**iii. OUTDOOR ADVERTISING**

Outdoor advertising market expenditures increased in 2016 by 4.5%. Revenues generated by the sale of advertising slots in the outdoor advertising segment were increased by 8.0%. It is a result of effective strategy implementation by AMS in building its position as a leader in the segment of Premium outdoor advertising panels. As a result Agora’s segment of Outdoor Advertising (including AMS S.A. and Adpol Sp. z o.o.) improved its operating result considerably. In 2016 the operations of the Outdoor Advertising segment were focussed on the implementation of the construction project of bus shelters in Warsaw, a milestone for the whole outdoor market. By the end of 2016 more than 1300 bus shelters were built on the streets of Warsaw. Due to an administrative delay the last lot of bus shelters will be built until the end of September 2018.

**iv. INTERNET**

Last year the Internet segment (including the Internet Department of Agora S.A., Trader.com (Polska) Sp. z o.o., Yieldbird Sp. z o.o. (formerly AdTaily Sp. z o.o.), Sport4People Sp. z o.o., Sir Local Sp. z o.o., GoldenLine Sp. z o.o. (since January 2016) and Optimizers Sp. z o.o. (since March 2016) generated record revenues of PLN 135.2 million. The increased revenues of the segment was significantly influenced by higher sales of internet advertising by the Yieldbird network (formerly AdTaily) and affiliated networks as well as revenue generated by the GoldenLine.pl website. The Internet segment concentrated its operations on building of the position of the segment brands on social media, as well as strengthening its leading position in programmatic advertising. As a result of these actions (including new dedicated video formats) Agora became medium no. 1 on Facebook and the Yieldbird network enhanced its operations to 30 countries.

**v. RADIO**

Radio stations of the Agora Group recorded revenue growth again. The growth was mainly influenced by higher revenues generated by the intermediation services for Helios cinemas and higher revenues generated by air-time sales at the radio stations of the Agora Group. The Revenues of the Radio segment (including the Radio Department of Agora S.A., all local radio stations and the super-regional station TOK FM) amounted to PLN 113.4 million. All Agora's stations increased their technical coverage. In March 2016 the Radio Pogoda increased the number of its stations to seven and the TOK FM station started broadcasting for the residents of Sieradz and surrounding area. More TOK FM stations were launched in July 2016 in Bydgoszcz and Rzeszów.

Since 2016 residents of Bydgoszcz and Rzeszów can listen to original programmes of Radio TOK FM and latest world, national and regional news according to the current programming of the radio station. Thanks to the transmitters launched in Bydgoszcz and Rzeszów TOK FM is now present in 22 municipal areas. Radio Złote Przeboje started broadcasting in June 2016 in Skomielna Czarna.

**vi. PRINT**

In 2016 the Print segment (including the Print department of Agora S.A. and Agora Poligrafia Sp. z o.o.) recorded a lower result as compared to 2015. It is mainly the result of smaller volume of orders and increased operating costs.<sup>1</sup>

**vii. TELEVISION**

The Supervisory Board also appreciates the execution of plans related to increasing the Company's presence on the television market, which is in compliance with the development plans for the coming years announced by the Company's Management Board. The audience share of Stopklatka film channel reached 1.1% and Stopklatka S.A. achieved the expected profitability. METRO – the first television channel launched independently by Agora started broadcasting on 2 December 2016. From the start the channel has had the best results out of all channels on MUX-8. The Supervisory Board views as positive that the Management Board of the Company obtained a strategic investor for the channel development.

The Supervisory Board welcomes the efficiency of the implementation of medium-term plans for development of the Agora Group. In 2016 the initiatives implemented by the Company's Board brought good results. The Group recorded increased revenues and, considering all challenges of 2016, the level of the recorded result was satisfactory. The Supervisory Board positively evaluates the situation of both the Company and Agora Group, and appreciates the way the Company manages the implementation of medium-term plans for development of the Agora Group that brings positive results.

**2. Assessment of internal audit, risk management, compliance and the internal audit function in the Agora Group**

The Supervisory Board in cooperation with the Management Board of the Company constantly analyses market environment and risk factors to which the Agora Group is exposed. New projects are analysed and valued. The Group maintains liquidity and low level of debt, which limits the financial risk. In case of regulation changes the Group adjusts its operations accordingly. At present there are the internal control system and risk management system within the Group. Main elements of the

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<sup>1</sup> EBIT constitutes profit/(loss) from operational activity defined as net profit/(loss) according to IFRS, with the exception of financial profits and costs, the share in net profit/(loss) of entities accounted for with equity method and income tax. EBIT and EBITDA for the Press, Internet, Movies and Books, and Print segments are calculated on the basis of cost directly attributable to the appropriate operating segment of the Group and excludes allocations of all Company's overheads (e.g. the cost of Agora's Management Board and a majority of cost of the supporting divisions of the Company), which are included in reconciling positions.

internal control system are the parts of business processes of the Group and they include, among others:

- procedures and by-laws concerning, among others: delegation of the rights and decision authorization, evaluation of the business projects, registration and processing of business transactions,
- reporting and transaction control processes and results of individual areas of the Group's activity,
- controls of the IT systems supporting the execution of business processes and monitoring the activity of the systems themselves.

The executive personnel fulfils individual tasks arising from the internal control system and constant supervision over its effectiveness as part of managing the selected segments of the Group. Moreover, the Internal Audit department operates in the Company whose task is, *inter alia*, to identify risks in the area of internal control and security and recommend measures to the Management Board aimed at reducing the risks. The Supervisory Board has regular meetings with the Internal Auditor of the Company where report results concerning selected areas of activity are discussed and specific measures agreed.

In 2016 the representatives of the Supervisory Board met the Internal Auditor of the Company five times. Together with the Internal Auditor the Supervisory Board establishes the plan for a whole year and a detailed schedule of activities. In the opinion of the Supervisory Board, the range of information received during the meetings with the Internal Auditor allows top better understand the main risk areas to which the Group is exposed and recommend better methods to diagnose and address them. The Internal Audit department also supports the system effectiveness control by systematic auditing of selected areas of the Company's activity in order to eliminate potential risks. The risk management system includes: the internal control system and constant and multistage supervision by the Management Board and executive personnel of individual business segments.

Moreover, the risk factors of the implementation of individual business objectives under the Medium-Term plans for development of the Agora Group adopted by the Management Board are constantly being assessed. In response to the identified risks the Management Board and executive personnel make daily changes in applicable procedures. Based on the information received by the Supervisory Board and discussion with the Management Board and representatives of the Internal Audit department, the Supervisory Board is of the opinion that the current internal control and risk management systems has been tried and proven in the operations of the Company and Group.

There is no Compliance department with the Company. Its role is fulfilled by the team in the legal department of the Company dedicated to corporate affairs, supervised directly by the Legal Director of the Agora Group. The Supervisory Board positively evaluates both the substantive competences and commitment of the aforesaid team, in particular in the face of the dynamically changing legislative environment, including the risks related to the attempts to politicise many legal regulations, including those related directly to the media in Poland, and diversity of areas in which the Agora Group's companies operate.

The Supervisory Board positively evaluates the ongoing cooperation of the Compliance team with a renown external legal office with regard to the fulfilment of disclosure and reporting requirements by the Company.

### **3. Assessment of the fulfilment of disclosure and reporting requirements by the Company**

The Supervisory Board has no objections to the way the Company fulfils its disclosure and reporting requirements, either relating to the compliance with the Corporate Governance Standards defined in the WSE Rules, or those required by the legal provisions concerning the current and periodical information published by the securities issuers.

In the opinion of the Supervisory Board the Company fulfils said obligations with utmost accuracy and transparency.

#### **4. Assessment of the rationality of the social and sponsoring activities policy of the Company**

- i. As a result of the analysis of the social and sponsoring activities policy of Agora S.A. the Supervisory Board is of the opinion that the policy is implemented in a rational and effective way and its results bring tangible benefits to the Company.
- ii. Corporate Social Responsibility initiatives implemented by the Company in 2016 included, among others, supporting the Wielka Orkiestra Świątecznej Pomocy (Great Orchestra of Christmas Charity) in the form of auctions and fundraising, participation with the "Gazeta Wyborcza" in the organisation of the Ryszard Kapuściński Award, the Campaign of Gazeta.pl portal titled "Łączy nas Polska", #BOHATEROWIE – Gazeta.pl campaign organised together with the Polish Paralympic Committee, action of the "Gazeta Wyborcza" – „DługoWIECZNI", charity actions as part of the Fabryka św. Mikołaja action, a series of meetings "Wyborcza na żywo", promotion of Greenpeace project "Adopt a Bee" organised by Gazeta.pl and the website managed together with the Polish Humanitarian Action, Pomagamy.pl/Syria, continued cooperation of "Gazeta Wyborcza" with the Citizen Education Centre as part of the "Szkoła z klasą 2.0" project. 335 schools, 1955 teachers and headmasters took part in the 2015/2016 edition of the "Szkoła z klasą 2.0" project. 203 schools and 1364 participants including 194 headmasters, 199 coordinators and 971 teachers and other school employees applied for the 2016/2017 edition. The conference organised to commemorate the 15<sup>th</sup> anniversary of the Szkoła z klasą programme was attended by more than 80 people. Ogólnopolski Festiwal Otwartej Edukacji (5-6 June 2016): 117 students, 70 teachers and 37 experts took part in the first day; the conference was attended by 152 people, including 11 foreign guests. thanks to the commitment of Agora S.A. to support the Wielka Orkiestra Świątecznej Pomocy, more than PLN 150.000 was raised in the auctions conducted by the Agora Group media. The media supported the promotion and communication concerning the Wielka Orkiestra Świątecznej Pomocy.
- iii. Social activities of the Agora Group's also include those related to the promotion and dissemination of culture. An example of such activities are literary awards (the Nike Award, Ryszard Kapuściński Award), Warsaw cultural awards (Wdechy), as well as Warsaw festivals and events (Co Jest Grane Festival, European Music Fair Co Jest Grane 24) and Olsztyn Green Festival 2017. The Nike Award has been awarded for 20 years for a book of the year, the founder of the Award and the NIKE Foundation is the Gazeta Wyborcza and Agora Foundation. The Ryszard Kapuściński Award has been organised since 2010 by Gazeta Wyborcza and the capital city of Warsaw, and awarded to the authors of best book of reportage of the year and the best book translation of the year. Additional activities related to the award are educational actions promoting the works of Ryszard Kapuściński among the students of Warsaw middle and high schools. The weekly newspaper of the Gazeta Wyborcza Co Jest Grane 24 – has been organising for 13 years the Warsaw cultural awards "Wdechy". The winners in the categories: Human, Place and Event of the Year, are awarded by the editors, there is also an award given by the readers. There are also two big cultural and music events organised in Warsaw: Co Jest Grane Festival in the Summer and European Music Fair Co Jest Grane 24 in the Autumn, and there is Olsztyn Green Festival in Olsztyn.
- iv. In the opinion of the Supervisory Board that the projects were implemented as part of social issues indicated by the social and sponsoring activities policy of the Agora Group i.e. education, individual and social development; shaping of civic attitudes and caring for human rights; promotion of culture and universal access to culture; promotion of health and healthy lifestyle; environmental care; caring for others expressed through charity actions and aid initiatives. The projects were prepared, implemented and evaluated with due care and in compliance with the principles: of stakeholder involvement and intersectoral partnership.

- v. Good practices implemented by the Company in the area of social involvement and local community development strengthened its relationship with local communities, allowed to address important social issues thanks to reaching a wide audience, improved the Company's reputation and its positive reception among stakeholders (including customers, local communities and social organisations). The implemented policy of social and sponsoring activities brought tangible benefits to the Company: strengthened position of a media leader in the area of commitment to current social topics, as well as commitment and satisfaction of employees due to the participation in social activities.
- vi. In the opinion of the Supervisory Board the social and sponsoring projects of the Company are the expression of its strategic approach to the corporate social responsibility, i.e. the concept where the Company accepts the responsibility for the impact of its decisions and operations on the society and environment, contributes to sustainable development, including the welfare and health of the society, takes the expectations of stakeholders into consideration, operates legally, in compliance with international standards of conduct, the corporate social responsibility is integrated with the organisation's operations and practiced in its relations.
- vii. Implementation of this policy is beneficial to the Company and to its all stakeholders, including shareholders. The Supervisory Board is of the opinion that the activities undertaken in this area have merit and are worth continuing.

## **5. Assessment of the diversity policy and its results**

### I) Various administrative, management and supervision authorities of Agora S.A.

Diversity and openness are the values integral to the Company's business activities and its employment policy. The basis of the policy of diversity implemented by Agora S.A. is the Agora's Charter, which was developed jointly between "Gazeta Wyborcza" daily and the Company.

is guided by the principles of equal treatment and acting against all forms of discrimination in the belief that it brings real benefits, as well as supports development and innovativeness of Agora S.A. One of the goals of the diversity policy implemented in Agora S.A. is emphasizing the openness of the organisation to diversity that enhances effectiveness of work, builds trust and counteracts discrimination. The diversity practice also aims to fully use employees' potential, their various skills, experience and talents in the atmosphere of respect, support and teamwork.

As an employer Agora S.A. creates the work atmosphere where employees feel respected and that they can really pursue their professional potential. The Company creates a culture of dialog, openness, tolerance and teamwork.

In 2016 Agora S.A. introduced the diversity policy that concerns all employees of the Company. Its objective is to consistently create the workplace that is free from any discrimination, irrespective of its reasons, and at the same employing best specialists who contribute to the Company's success. Agora S.A. is the type of employer who takes care of the development of its team through internal and external trainings. The diversity policy of Agora S.A. is based on overcoming such barriers as the age, gender or health status and its guiding principles is that professional potential of employees stems from their skills. This way the Company wants to support the implementation of its strategy as best as possible and offer top quality products and services to its customers.

### II) Supervisory Board

The selection procedure of the members of the Supervisory Board is specified in the Company's articles of association and other applicable provisions of the law and regulations governing the

Company. Agora S.A. has limited influence on the composition of the authority that supervises its operations.

Despite the fact. the 6-person composition of the Supervisory Board in 2016 reflected all the ideas on which the diversity policy is based.

### III) Management Board

- The selection procedure of the members of the Management Board is also specified in the Company's articles of association. Only the series A shareholders have the right to name candidates for members of the Board. In the opinion of the Supervisory Board the relevant criteria for their candidates were above all being highly qualified and experienced in the major business areas of the Agora Group, as well as substantive qualifications for the position of a member of the board.
- In 2016 members of the Management Board of the Company had complementary experience and skills. They also have diverse education, having graduated from such universities, as: Silesian University, University of Łódź, University of Edinburgh, Poznań Academy of Economics (currently Poznań University of Economics and Business), Manchester Business School, Northwestern University, Kellogg School of Management, Warsaw University of Technology and Warsaw School of Economics
- It is worth mentioning that the decisive aspect of the election of authorities of the Company and its key managers is to ensure their versatility and diversity, in particular in the area of professional experience, age, education and gender. The most important factors are being highly qualified and experienced as well as having substantive qualifications for the specific position.

Gender composition of the supervision and management authorities of Agora S.A.

Status at the end of the year	Men		Women	
	2016	2015	2016	2015
<b>Management Board</b>	<b>4</b>	4	<b>0</b>	0
<b>Supervisory Board</b>	<b>4</b>	<b>5</b>	<b>2</b>	1

- On 1 March 2017 r. Ms. Agnieszka Sadowska was appointed as a member of the Management Board. Therefore there is a woman member in the Company's Management Board.

### IV) Administrative authorities

Administrative authorities of Agora S.A. are the employees in managerial position within the Company. The diversity policy concerning the administrative authorities consists in creating a workplace free from discrimination on the grounds of gender, age, background, health status, education, political or religious beliefs, where skills and experience are the basis of the organisational culture. Implementation of this approach is evident in the diversity of teams throughout the Company. One of key aspects concerning diversity on Agora S.A., in relation to a similar number of male and female employees (as of 31.12.2016 there were 51.7% of female and 48.3% of male employees), is gender equality. Gender composition of administrative authorities shows that the purpose has been achieved. The functioning of the system of employee evaluation at Agora S.A., including managerial

skills evaluation, allows to create career and development opportunities within the Company with no unequal treatment on any grounds.

Gender composition of administrative authorities (managerial positions) in Agora S.A. (as of 31.12.2016).

% within Agora S.A.		
	Women	Men
<b>Agora S.A.</b>	50.1%	49.9%

On 8 March 2017 the Company signed the Diversity Charter in Poland, joining the European initiative aiming at dissemination of diversity in a workplace.

Supervisory Board:

Andrzej Szlęzak .....  
President of the Supervisory Board

Wanda Rapaczynski .....  
Member of the Supervisory Board

Anna Kryńska-Godlewska .....  
Member of the Supervisory Board

Tomasz Sielicki .....  
Member of the Supervisory Board

Dariusz Formela .....  
Member of the Supervisory Board

Andrzej Dobosz .....  
Member of the Supervisory Board